

DELTA PROTECTION COMMISSION

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**AGENDA ITEM # 12**

January 14, 2000

To: Delta Protection Commission
From: Lori Clamurro, Delta Protection Commission Staff
Subject: Propositions 12 and 13
(For public comment and possible Commission action)

During the first year of the 1999-2000 legislative session, the Senate and Assembly passed a Parks Bond (AB 18) and a Water Bond (AB 1584). Both bills were signed by the Governor and chaptered by the Secretary of State, and are slated for the March 2000 ballot. The Parks Bond will appear on the March ballot as Proposition 12, and the Water Bond as Proposition 13.

At the request of the Commission's Chairman, the information on these bonds as presented in the voters' pamphlets for the March ballot is presented for comment and possible Commission action. If the Commission desires, it may take a formal position on one or both of these bond measures.



**Safe Neighborhood Parks, Clean Water,
Clean Air, and Coastal Protection Bond Act of 2000.
(The Villaraigosa-Keeley Act)**

Official Title and Summary Prepared by the Attorney General

**SAFE NEIGHBORHOOD PARKS, CLEAN WATER,
CLEAN AIR, AND COASTAL PROTECTION BOND ACT OF 2000.
(THE VILLARAIGOSA-KEELEY ACT)**

- Provides for a bond issue of two billion one hundred million dollars (\$2,100,000,000) to provide funds to protect land around lakes, rivers, and streams and the coast to improve water quality and ensure clean drinking water; to protect forests and plant trees to improve air quality; to preserve open space and farmland threatened by unplanned development; to protect wildlife habitats; and to repair and improve the safety of state and neighborhood parks.
- Appropriates money from state General Fund to pay off bonds.

**Summary of Legislative Analyst's
Estimate of Net State and Local Government Fiscal Impact:**

- State cost of about \$3.6 billion over 25 years to pay off both the principal (\$2.1 billion) and interest (\$1.5 billion) costs on the bonds. Payments of about \$144 million per year.
- Costs potentially in the tens of millions of dollars annually to state and local governments to operate property bought or improved with these bond funds.

Final Votes Cast by the Legislature on AB 18 (Proposition 12)

Assembly: Ayes 61	Senate: Ayes 31
Noes 15	Noes 3



Background

In past years the state has purchased, protected, and improved recreational areas (such as parks and beaches), cultural areas (such as historic buildings and museums), and natural areas (such as wilderness, trails, wildlife habitat, and the coast). The state also has given money to local governments for similar purposes. In the past 25 years voters have approved about \$1.9 billion of general obligation bonds for these purposes. As of June 1999, all but about \$18 million of the bonds authorized by these previous bond acts had been spent or committed to specific projects.

Proposal

This proposition allows the state to sell \$2.1 billion of general obligation bonds to spend on acquisition, development, and protection of recreational, cultural, and natural areas. General obligation bonds are backed by the state, meaning that the state is required to pay the principal and interest costs on these bonds. General Fund revenues would be used to pay these costs. These revenues come primarily from the state personal and corporate income taxes and the sales tax.

The bond money would be used as shown in Figure 1. As shown in the figure, about \$940 million of the bond money would be granted to local agencies for local recreational, cultural, and natural areas. The remaining \$1.16 billion would be used by the state for recreational, cultural, and natural areas of statewide significance.

Fiscal Effect

Bond Costs. For these bonds, the state would make principal and interest payments from the state's General Fund over a period of about 25 years. If the bonds are sold at an interest rate of 5.5 percent (the current rate for this type of bond), the cost would be about \$3.6 billion to pay off both the principal (\$2.1 billion) and interest (\$1.5 billion). The average payment would be about \$144 million per year.

Operational Costs. The state and local governments that buy or improve property with these bond funds will incur additional costs to operate or manage these properties. These costs may be offset partly by revenues from those properties, such as entrance fees. The net additional costs (statewide) could potentially be in the tens of millions of dollars annually.

Figure 1

Use of Bond Funds Under Proposition 12

(In Millions)

Grants to Local Governments and Nonprofit Groups

To fund recreational areas, with grant amount based on population of the local area (such as a city, county, or park district).	\$ 388.0
For recreational areas primarily in urban areas, as follows:	200.0
• Urban areas—\$138 million.	
• Large urban areas (cities over 300,000 population and county or park districts over 1,000,000 population)—\$28 million.	
• Either urban or rural areas based on need—\$34 million.	
To local agencies for various recreational, cultural, and natural areas.	102.5
For recreational areas, youth centers, and environmental improvement projects benefitting youth in areas of significant poverty.	100.0
For recreational and cultural areas (including zoos and aquariums) in urban areas.	71.5
For farmland protection.	25.0
For soccer and baseball facilities to nonprofit groups that serve disadvantaged youth.	15.0
To San Francisco for improvements at Golden Gate Park.	15.0
For urban forestry programs.	10.0
For playground accessibility improvements using recycled materials.	7.0
To Alameda County for Camp Arroyo.	2.0
For conservation, water recycling, and recreation in Sonoma County.	2.0
For community centers in Galt, Gilroy, and San Benito County.	1.0
For a wild animal rehabilitation center in the San Bernardino Mountains.	1.0
Total, Grants to Local Governments and Nonprofit Groups	\$ 940.0

State Projects

To buy, improve, or renovate recreational areas.	\$ 525.0
To acquire and preserve natural areas.	355.0
To acquire and preserve fish and wildlife habitat.	277.5
To pay the California Conservation Corps for work on projects funded by this proposition.	2.5
Total, State Projects	\$1,160.0
Total, All Bond Funds	\$2,100.0

For text of Proposition 12 see page 90



Safe Neighborhood Parks, Clean Water, Clean Air, and Coastal Protection Bond Act of 2000. (The Villaraigosa-Keeley Act)

Argument in Favor of Proposition 12

Yes on 12 for Safe Neighborhood Parks, Clean Water, Clean Air and Coastal Protection!

We have a responsibility to preserve our communities' air and water quality, and to make our parks safe for our children and future generations.

YES ON 12 WILL:

- Protect Our Air, Water, Rivers & Beaches from Toxic Pollution
- Provide Kids Safe Places to Play
- Help Keep Kids Off Streets & Out of Gangs
- Protect our Environment & Enhance our Economy

YES ON 12 IS SUPPORTED BY:

- National Audubon Society, National Wildlife Federation
- California Organization of Police and Sheriffs
- National Parks and Conservation Association
- Congress of California Seniors
- League of Women Voters, Sierra Club
- California Chamber of Commerce

STRICT SAFEGUARDS WILL ENSURE ALL FUNDS ARE SPENT AS PROMISED:

- Annual Audits
- Public Hearings
- Citizen Review

YES ON 12 WILL NOT RAISE TAXES because it requires existing tax revenues to be spent efficiently and effectively.

• **ALL CALIFORNIANS BENEFIT:** "Yes on 12 helps California communities make their parks safer for children, families and senior citizens. California's seniors need safe neighborhood parks."

Congress of California Seniors

• **SAFE NEIGHBORHOOD PARKS:** "Yes on 12 will help reduce crime by creating safer recreational areas to keep kids out of gangs, off drugs, and away from violence. Vote Yes on 12 to provide our children safer places to play. Join us in voting Yes on 12."

California Organization of Police and Sheriffs

• **CLEAN WATER:** "We can help keep our water free of pollution and protect our coast, bays, beaches and rivers from toxic waste by

supporting Proposition 12. This measure is vital because it protects the lands that give us clean water."

Clean Water Action

• **CLEAN AIR:** "Yes on 12 will reduce air pollution and improve air quality by planting trees in our communities and by protecting forests, including redwood forests, that purify our air. We will all breathe easier by voting Yes on 12."

Coalition for Clean Air

• **GOOD FOR THE ECONOMY & JOBS:** "California's environment is crucial to our economy. Tourists visit our parks and natural areas bringing millions of dollars to state and local businesses. Our farm economy relies on healthy rivers and streams. By conserving these resources, Yes on 12 helps keep our economy strong and protects businesses and jobs."

California Chamber of Commerce

• **A POSITIVE LEGACY FOR OUR KIDS:** "We need to leave future generations parks, natural lands, clean beaches and a better quality of life! We strongly urge a Yes on Proposition 12!"

League of Women Voters of California

• **WE ALL AGREE—YES ON 12:** Yes on 12 is supported by business, children's groups, environmentalists, labor, religious groups, law enforcement, and senior citizens. Republicans, Democrats, independents, reformers and taxpayer advocates recommend Yes on 12 (See our website at www.parks2000.org).

• **YES ON 12—Protect our air and water from pollution, preserve our coast, rivers and beaches, and provide our children with safe places to play while providing annual public audits and strict fiscal safeguards.**

ROBERT STEPHENS

Chair, National Audubon Society-California

ASSEMBLY SPEAKER ANTONIO VILLARAIGOSA

Chair, Californians for Safe Parks

ALLAN ZAREMBERG

President, California Chamber of Commerce

Rebuttal to Argument in Favor of Proposition 12

THIS INITIATIVE SHOULD HAVE BEEN CALLED THE "SPECIAL-INTEREST-HIDDEN-AGENDA BOND MEASURE," BECAUSE THE BACKERS DON'T WANT YOU TO KNOW WHERE THE MONEY IS REALLY GOING!

They say it's for "Safe Neighborhood Parks," but only a small portion is specifically dedicated to local park facilities—and less than 1% will go toward soccer and baseball fields! What about more "Clean Air"? Less than 1% of the money is dedicated to the Clean Air Improvement Program.

THE TRUTH IS, THE GOVERNMENT WILL USE THE VAST MAJORITY OF THIS MONEY FOR PORK-BARREL SPENDING PROJECTS AND TO BUY MORE LAND FOR INSECTS, RATS AND WEEDS THAT YOUR FAMILY WILL NEVER GET TO SEE OR USE.

Why have so many environmentalist special-interest groups endorsed this bond? Not because it will help your family (it won't), but because this bond will transfer your tax dollars to them to pay their exorbitant salaries and spend on their pet projects!

Speaking of special interests, this bond gives \$15,000,000 to the City of San Francisco and \$30,000,000 to the San Francisco Bay Area Conservancy Program to spend on their local projects. Why should the rest of us be forced to pay for that?

YOUR FAMILY WILL NEVER GET TO SEE OR ENJOY THE PROCEEDS OF THESE BOND FUNDS. BUT YOU WILL HAVE TO PAY FOR THEM—about \$3,738,000,000 over the next 20 years, including fees for lawyers and bankers and the effect of compounded interest. It's just not worth it. Just say NO to Proposition 12!

RAY HAYNES

California Senator

BRETT GRANLUND

California Assemblyman

CARL MCGILL

Chairman, Black Chamber of Commerce of Los Angeles County

Safe Neighborhood Parks, Clean Water, Clean Air, and Coastal Protection Bond Act of 2000. (The Villaraigosa-Keeley Act)



Argument Against Proposition 12

THE NAME OF THIS BOND IS A HUGE DECEPTION— ONLY A SMALL PORTION OF THE \$2,100,000,000 WILL BE SPENT ON NEIGHBORHOOD PARKS AND PLAYGROUNDS!

The sponsors of this proposition would like you to believe that the bond proceeds will be used to fund neighborhood parks and playgrounds, to enhance your community and your family's quality of life. But in fact, only a small fraction of the money has been specifically allocated for local city and county parks and playgrounds, and less than one-percent will be spent on soccer and baseball fields! So where will the rest of the money go?

The government will use the vast majority of the money to buy more land for insects, rats and weeds. In short, this bond will not benefit your family. Your children will never get to set foot on the land that this bond will purchase, even though they will have to work throughout their adult lives to pay off the bond's debt.

What's wrong with the government using this money to buy more land?

First, there is no shortage of "park" space in California, since more than half of all the land in this state is already owned by the state and federal governments. Most of that land is in remote areas, where you and your family can't enjoy it.

Second, once government buys new land with bond funds, it will have to spend additional taxpayer dollars to manage its new property. Expect to see your taxes go up if this bond passes.

Third, do you remember the raging forest fires that blanketed California with smoke last Fall? Most of the smoke came from fires on government-owned land, where dead and diseased trees were left to rot. If this bond passes, even more land will be owned and neglected by the

government, and left to provide kindling for the next round of forest fire infernos.

Fourth, bond measures are among the most expensive and wasteful financing schemes ever devised. According to the Secretary of State, taxpayers must pay back \$1.78 for every \$1 of bond proceeds, because of fees paid to lawyers and bankers and the effect of compounded interest. THIS MEANS THAT CALIFORNIA'S TAXPAYERS WILL ULTIMATELY HAVE TO SPEND \$3,738,000,000 TO REPAY THIS \$2,100,000,000 BOND!

Fifth, Californians are already on the hook for \$36,900,000,000 for bonds previously approved for other projects. California is now so far in debt that Standard & Poor's has assigned our state the third worst credit rating of any state in the country!

Sixth, the State Legislature determined that these projects were NOT sufficiently important to fund, NOT EVEN WITH THE \$12,000,000,000 IN SURPLUS FUNDS THE STATE HAS REALIZED OVER THE PAST FIVE YEARS.

No schools, no roads, nothing for you and me—just more dirt for insects, rats and weeds. This money is literally being flushed down a rat hole.

Vote NO on Proposition 12!

RAY HAYNES
California Senator

BRETT GRANLUND
California Assemblyman

LEWIS K. UHLER
President, The National Tax-Limitation Committee

Rebuttal to Argument Against Proposition 12

The opponents are factually wrong.

- **FACT #1: SAFE NEIGHBORHOOD PARKS**—Proposition 12's largest allocation directs funds to every city and county to make neighborhood parks safer for children and families, and provide youth with positive recreational alternatives to gangs, drugs and violence. Projects will be decided by local community leaders—not by far-away politicians. *That's why California Organization of Police and Sheriffs Supports Proposition 12.*
- **FACT #2: CLEAN AIR & WATER**—Specific programs will plant trees that help purify our air, and conserve lands around our rivers and lakes to help protect our water from pollution. Everyone's health benefits from clean air and water. *That's why Coalitions for Clean Air and Water Support Proposition 12.*
- **FACT #3: PROTECT REDWOOD FORESTS & THE COAST**—Specific programs will preserve ancient redwood forests and threatened coastal lands for future generations to enjoy. It's shameful for opponents to suggest that our redwood trees are "weeds" and our magnificent coast is a "rathole."

- **FACT #4: CLEANUP TOXICS ALONG OUR BEACHES, BAYS & COAST**—Directs funds to help make these areas safer for public use.
- **FACT #5: TOUGH FISCAL SAFEGUARDS—NO NEW TAXES**—Annual audits, public hearings and citizen review will ensure funds are spent as promised. Proposition 12 does not raise taxes—existing state revenues will be used instead. *"These strict safeguards will make sure these funds are spent properly and efficiently." State Treasurer Philip Angelides*
Join the California Chamber of Commerce, Governor Gray Davis and the Audubon Society by voting Yes on 12.

GAIL DRYDEN
President, League of Women Voters of California

JACQUELINE ANTEE
State President, American Association of Retired Persons (AARP)

LARRY McCARTHY
President, California Taxpayers' Association



Safe Drinking Water, Clean Water, Watershed Protection, and Flood Protection Bond Act.

Official Title and Summary Prepared by the Attorney General

SAFE DRINKING WATER, CLEAN WATER, WATERSHED PROTECTION, AND FLOOD PROTECTION BOND ACT.

- This act provides for a bond issue of one billion nine hundred seventy million dollars (\$1,970,000,000) to provide funds for a safe drinking water, water quality, flood protection, and water reliability program.
- Appropriates money from the General Fund to pay off bonds.

Summary of Legislative Analyst's Estimate of Net State and Local Government Fiscal Impact:

- State cost of up to \$3.4 billion over 25 years to pay off both the principal (\$1.97 billion) and interest (\$1.4 billion) costs on the bonds. Payments of about \$135 million per year.
- Potential costs of an unknown amount to local governments to operate or maintain projects developed with these bond funds.

Final Votes Cast by the Legislature on AB 1584 (Proposition 13)

Assembly: Ayes 68
Noes 11

Senate: Ayes 30
Noes 6

Analysis by the Legislative Analyst

Background

The state carries out a number of programs that provide loans and grants to local agencies for various water-related purposes. These purposes include improving the safety of drinking water, flood control, water quality, and the reliability of the water supply.

Safe Drinking Water. In past years, the state has provided funds for loans and grants to public water systems for facility improvements to meet safe drinking water standards. To raise money for these purposes, the state has relied mainly on sales of general obligation bonds. As of June 1999, all but about \$11 million of the \$425 million authorized by previous bond acts since 1976 had been spent or committed to specific projects.

Flood Control. The state also has provided funds to local agencies for *locally sponsored*, federally authorized flood control projects. The costs of these projects are shared among local, state, and federal governments. These projects have primarily been funded from the state General Fund. Due to the state's fiscal condition in the early 1990s, the state was not able to pay its full share of the costs for these projects. In 1996, voters approved Proposition 204 which provided \$60 million in general obligation bonds to pay a portion of these costs. These bond funds have been spent. The Department of Water Resources estimates that the unpaid amount the state owes for its share of costs for local flood control projects will total about \$130 million as of June 30, 2000.

In addition, the state has provided funds for *state-sponsored* flood control projects, mainly located in the Central Valley. The primary source of funding for these projects has been the state General Fund.

Bay-Delta Restoration. The state also has funded the restoration and improvement of fish and wildlife habitat in the San Francisco Bay/Sacramento-San Joaquin Delta Estuary (the Bay-Delta) and other areas. The state has done this using various fund sources including general obligation bonds and the state General Fund. The Bay-Delta supplies a substantial

portion of the water used in the state for domestic, industrial, agricultural, and environmental purposes. Over the years, the Bay-Delta's capacity to provide reliable supplies of water and sustain fish and wildlife species has been reduced. This has occurred because of increased demand for water from the Bay-Delta and other factors such as pollution, degradation of fish and wildlife habitat, and deterioration of delta levees.

The CALFED Bay-Delta Program is a joint state and federal effort to develop a long-term approach for better management of water resources in the Bay-Delta. Program costs for the first stage of the CALFED Bay-Delta plan (covering seven years) currently under consideration are projected to total about \$5 billion. These costs could double over the projected 30-year term of the plan. It is anticipated that funding would come from a variety of federal, state, local, and private sources.

Proposition 204 provided \$583 million for ecosystem restoration and other improvements in the Bay-Delta. As of June 1999, about \$415 million of this amount remains available for future projects.

Water Quality and Water Supply. The state also has provided funds for projects that improve water quality and supply. For example, the state has provided loans and grants to local agencies for construction and implementation of wastewater treatment, water recycling, and water conservation projects and facilities. The state has sold general obligation bonds to raise money for these purposes. As of June 1999, all but about \$100 million of the approximately \$1.8 billion authorized by previous bond acts since 1970 had been spent or committed to specific projects.

Watershed Protection. In recent years, the state has modified the way it manages the state's water and other natural resources. Instead of using primarily a project-by-project or site-by-site approach, the state now takes a broader approach by focusing on entire watersheds. Under the "watershed management" approach, programs designed to improve water quality and reliability of supply, restore and

enhance wildlife habitat, and address flood control within a watershed are coordinated, often involving various federal, state, and local agencies. Watershed protection programs may include a variety of activities, such as water conservation, desalination, erosion control, water quality monitoring, groundwater recharge, and wetlands restoration.

In general, under the watershed management approach, the federal and state governments enforce environmental standards, while local agencies develop and implement local watershed management plans to meet the standards set for a watershed.

Funding for watershed protection programs, which have included grants to local agencies to control nonpoint source pollution (such as runoff from farming, logging, and mining operations), has come from various sources, including federal funds, the General Fund, and general obligation bonds.

Proposal

This measure allows the state to sell \$1.97 billion of general obligation bonds to improve the safety, quality, and reliability of water supplies, as well as to improve flood protection. Of this total, \$250 million is dedicated specifically to carrying out the CALFED Bay-Delta plan.

General obligation bonds are backed by the state, meaning that the state is required to pay the principal and interest costs on these bonds. General Fund revenues would be used to pay these costs. These revenues come primarily from the state personal and corporate income taxes and sales tax.

Figure 1 summarizes the purposes for which the bond money would be used. The bond money will be available for expenditure by various state agencies and for loans and grants to local agencies and nonprofit associations. The measure specifies the conditions under which the funds are available for loans, including the terms for interest and repayment of the loans.

The measure also requires that funds remaining in specified accounts under the 1996 Safe, Clean, Reliable Water Supply Bond Act (Proposition 204) be used to provide loans and grants for similar types of projects funded under this measure. Additionally, the measure requires that repayments of loans funded from specified Proposition 204 accounts and under the Clean Water and Water Reclamation Bond Law of 1988 (Proposition 83) be used to provide loans and grants for similar projects funded under this measure.

Fiscal Effect

Bond and Other Costs. For these bonds, the state would make principal and interest payments from the state's General Fund over a period of about 25 years. If the bonds are sold at an interest rate of 5.5 percent (the current rate for this type of bond), the cost would be about \$3.4 billion to pay off both the principal (\$1.97 billion) and interest (\$1.4 billion). The average payment would be about \$135 million per year.

However, total debt repayment costs to the state will be somewhat less. This is because the measure requires that loans made for nonpoint source pollution control, water conservation, and specified water quality/supply projects (up to \$363 million) be repaid to the General Fund. The repayments of these loans could reduce the General Fund costs by about \$470 million over the life of the bonds.

Local governments that develop projects with these bond funds may incur additional costs to operate or maintain the projects. The amount of these potential additional costs is unknown.

Use of Repayments of Past Loans. Proposition 204 authorized \$25 million in loans to local agencies for water conservation projects and groundwater recharge facilities. Currently, repayments of these loans are used to provide additional loans for such projects and facilities. This measure requires, instead, that the repayments be used to fund loans

and grants for projects authorized by this measure. Repayments from the loans made under this measure would be required to be deposited in the state's General Fund. This will result in a General Fund savings potentially of up to \$40 million to pay off the principal and interest of the bonds.

Figure 1

Safe Drinking Water, Clean Water, Watershed Protection, And Flood Protection Act Uses of Bond Funds

(In Millions)

	Amount
Safe Drinking Water Facilities	\$ 70
• Public water system capital improvements	70
Flood Protection	\$ 292
• Flood control and fish and wildlife improvements on Yuba and Feather Rivers	90
• Local flood control projects in specified areas, including 13 counties, the state capitol area, and the Santa Cruz region	72
• Land acquisition and restoration projects	70
• Delta levee rehabilitation	30
• Urban stream restoration	25
• Mapping	5
Watershed Protection	\$ 468
• Protection of the Santa Ana River and the Lake Elsinore and San Jacinto watersheds	250
• River parkway acquisition and riparian habitat restoration	95
• Development and implementation of local watershed management plans	90
• Protection and acquisition of coastal salmon habitat	25
• Water education institute, science center, and science laboratory	8
Clean Water and Water Recycling	\$ 355
• "Nonpoint source" pollution control	190
• Wastewater treatment	100
• Water recycling	40
• Seawater intrusion control	25
Water Conservation	\$ 155
• Water delivery system rehabilitation in economically disadvantaged areas	60
• Agricultural water conservation	35
• Urban water conservation	30
• Groundwater recharge	30
Water Supply Reliability	\$ 630
• Various projects in Bay-Delta to improve water quality, fish migration, and water levels (CALFED projects)	250
• Groundwater storage	200
• Projects to improve water quality and supply in areas receiving delta water	180
Total	\$1,970

For text of Proposition 13 see page 97



Safe Drinking Water, Clean Water, Watershed Protection, and Flood Protection Bond Act.

Argument in Favor of Proposition 13

THIS WATER BOND IS VITAL TO OUR COMMUNITIES. IT'S THE KEY TO SAFE, RELIABLE, POLLUTION-FREE DRINKING WATER WITHOUT NEW TAXES.

Safe drinking water:

We can't live without it. And we can't take it for granted.

That's why Proposition 13 is so important.

The California Department of Water Resources predicts major shortages of pollution-free water. Its official five-year forecast says existing water management options won't fix the problem.

Clean drinking water:

Proposition 13 makes our drinking water safer. It fights groundwater contamination; repairs corroded water pipes and sewer systems; eliminates pollution sources and protects the watersheds that provide our drinking water.

More water:

Proposition 13 reverses a 20-year trend of decreased water supply and protects us, especially during droughts.

This water bond is necessary.

It produces enough new water to meet the needs of 8 million Californians by increasing underground storage and by promoting better conservation, recycling and water management.

Proposition 13 lays the foundation for a lasting water solution without new taxes.

It is strongly supported by Democrats and Republicans, business and labor, the agricultural and environmental communities and California's water providers.

Proposition 13 is:

SAFE DRINKING WATER—It helps meet safe drinking water standards to protect public health.

POLLUTION CONTROL—It fights pollution in lakes and rivers and along our coast; protects water quality from pesticides and agricultural drainage; improves water treatment plants, cleans up urban streams and controls seawater intrusion into clean water supplies.

VITAL WATER SUPPLY—It provides new water through conservation, recycling, underground storage and better use of reservoirs.

FLOOD PROTECTION—It will protect lives, avert billions of dollars in property damage and prevent massive disruption of clean water supplies for families and businesses throughout California.

FISH AND WILDLIFE—Wetlands and other natural habitats are protected, including the San Francisco Bay/Sacramento-San Joaquin Delta, the source of drinking water for 22 million Californians.

FISCALLY RESPONSIBLE—This is a wise investment for safe drinking water and against water shortages. It is fiscally responsible, does not raise taxes, qualifies California for new federal funds and limits administrative costs. If we don't act NOW, the cost will be far higher in the future.

"Every California community needs clean, reliable water. Without Proposition 13, we all face a very uncertain water future."—Assemblyman Michael J. Machado, Chairman, Assembly Committee on Water, Parks and Wildlife

Join the diverse coalition of Californians supporting this water bond:

Association of California Water Agencies
The Nature Conservancy
California Chamber of Commerce
Agricultural Council of California
Audubon Society
League of Women Voters
California Business Roundtable
National Wildlife Federation
California Manufacturers Association
Planning and Conservation League
California State Association of Counties
California State Council of Laborers
Southern California Water Committee
Northern California Water Association

Please vote to protect our quality of life by supporting Proposition 13, the safe drinking water bond and Proposition 12, the parks bond. These measures work together for our economy, our environment and our families' health. We need your YES vote on Propositions 12 and 13.

GOVERNOR GRAY DAVIS

ALLAN ZAREMBERG

President, California Chamber of Commerce

LESLIE FRIEDMAN JOHNSON

Water Program Director, The Nature Conservancy

Rebuttal to Argument in Favor of Proposition 13

Supporters always say that bonds won't increase taxes. How then will the bonds be paid? Taxpayers must pay the principal and interest on these bonds for 30 years. This money comes from our tax dollars. Taxpayers currently pay over \$3 billion per year on existing bond debt.

Let's not forget Proposition 204. Voters approved \$995 million in bonds in November 1996 for the "Safe, Clean, Reliable Water Supply Act." Where did this money go? We were warned about a water crisis then. If they haven't been able to fix the problem with almost a billion dollars, why give them almost \$2 billion more?

Indeed, is there any evidence that our drinking water is unsafe? Or is it just another in a long series of government-sponsored crises designed to extract more money from taxpayers' wallets?

WATER SUPPLIES—Residential customers use only 15% of California's water, but must subsidize agricultural and commercial customers who use 85%. If big water users had to

pay the real cost of their water, prices would fluctuate according to supply, leading to conservation.

POLLUTION CONTROL—Those who pollute our rivers and lakes should be held fully responsible for the damage they do. Taxpayers shouldn't be put on the hook for damages caused by private businesses and individuals.

Please vote to save \$7 BILLION by opposing Proposition 13 and also Proposition 12, the parks bond. These measures work together to waste our tax dollars on a bunch of "pork-barrel" projects.

GAIL K. LIGHTFOOT

Past Chair, Libertarian Party of California

DENNIS SCHLUMPF

Director, Tahoe City Public Utility District

TED BROWN

Insurance Adjuster/Investigator

Safe Drinking Water, Clean Water, Watershed Protection, and Flood Protection Bond Act.



Argument Against Proposition 13

This is NOT Proposition 13, the legendary 1978 initiative to cut property taxes. This Proposition 13 will cost taxpayers a lot of money.

In an orgy of spending, California legislators passed an \$81 billion budget for Fiscal Year 2000. That's up from \$63 billion just four years ago. There was a \$4 billion budget surplus this year. That money should have been refunded to taxpayers. Each family could have received over \$330 to spend as they chose. But instead, most legislators—Democrat and Republican alike—decided to spend this money on new government programs.

What does this have to do with Proposition 13? If legislators had an extra \$4 billion, why didn't they spend some of it on these projects?

No, they couldn't do that. They had to spend it immediately. Now if voters say "yes" on Proposition 13, these water proposals won't just cost \$1.9 billion. BONDS ALMOST DOUBLE THE COST OF ANY GOVERNMENT PROJECT. Taxpayers will have to pay the interest on these bonds for the next 30 years. At the end, we'll be out about \$3.5 billion.

This proposal would have cost a lot less if it came out of the current budget. But do we need these projects at all?

If you read the fine print, Proposition 13 looks a lot like the "pork barrel" projects the Legislature has passed for years. There's something for just about everyone (everyone who gives a campaign contribution, that is). Here and there a project may be worthwhile, but voters have no way of judging, with so many projects jumbled into the same law.

Of course, some towns benefit from having a powerful legislator. Proposition 13 specifies \$30.5 million for water treatment plants in Manteca, Stockton, Tracy and Orange

Cove, three of which are in the district of Assemblyman Machado, the author of this proposition.

Indeed, since so many local projects are involved, it would seem sensible for people in those communities to decide if they need them, and then determine how to finance them. The lowest cost would be to promote private investment rather than government spending.

Proposition 13 claims it will provide Californians with safe drinking water, flood protection, watershed protection, river habitat protection, water conservation, etc. When has the government ever succeeded in doing any of those things? Most often we hear about government policies CAUSING groundwater contamination, DAMAGING wildlife habitats, and other blunders.

The proposition states that lands acquired with Proposition 13 funds "shall be from a willing seller." We hope this is the case. But too often governments force people to sell their land by use of eminent domain and court-ordered condemnation. Will government officials keep their word?

Send a message to legislators. They should be punished for squandering a hefty budget surplus, instead of refunding it to taxpayers, or even spending it directly on these projects. Please vote NO on Proposition 13.

GAIL K. LIGHTFOOT

Past Chair, Libertarian Party of California

THOMAS TRYON

Calaveras County Supervisor

TED BROWN

Insurance Adjuster/Investigator

Rebuttal to Argument Against Proposition 13

They don't understand.

The signers of the opposition arguments don't seem to understand California water needs.

The need to improve water infrastructure.

They seem unaware of the strains population and age have placed on the water infrastructure constructed by Governors Pat Brown and Ronald Reagan.

The need for new water.

They seem unacquainted with the Department of Water Resources' serious warning about statewide shortages of clean, reliable drinking water—or that the bond creates enough new water for 8 million people.

The need for clean water.

They misjudge "local projects" that, in fact, stop sewage discharges now flowing directly into rivers that 20 million Californians use for their water supply.

THE FACTS:

1. Californians need Prop 13's clean drinking water programs.

2. We have always used bonds to fund infrastructure programs like these.

3. This bond is fiscally prudent. Its matching provisions will also significantly increase private sector and federal water revenue coming into our state.

4. Prop 13 has the strictest provisions ever placed in a California bond to slash administrative costs. Governor Davis will also conduct public audits.

5. The California Taxpayers' Association says if we don't act NOW, the cost will be far higher in the future.

"Prop 13 is the responsible way to protect our drinking water. It's vital to our families, economy and public health."—Senator Jim Costa, Chairman, Senate Agriculture and Water Resources Committee.

Please vote for Proposition 13. Without it, we all face a very uncertain water future.

LARRY McCARTHY

President, California Taxpayers' Association

JIM COSTA

Chairman, Senate Agriculture and Water Resources Committee

MICHAEL J. MACHADO

Chairman, Assembly Water, Parks and Wildlife Committee